

Disability Buy-Sell Insurance



CREATIVE Financial Group's Disability Income Insurance Division offers a wide range of disability insurance products for business owners. Our mission is to ensure each one of our clients has a plan to protect their ability to earn an income and provide for themselves and their family should they become unable to work due to sickness or injury.

What Is Disability Buy-Sell Insurance?

Disability buy-sell insurance provides funding to business owners in order to facilitate the purchase of the insured's share of ownership in the business in the event of disability. In this situation, the owner may be the business or a trust. Otherwise, each business owner may own a policy on the other owners.

Important Facts To Keep In Mind:

- An owner may purchase a policy on the other business owners
- The amount of insurance depends on the value of the company
- The disabled partner must be disabled as defined in the policy
- Benefits payable from buy-sell policies are generally tax free. (IRC Section 104(a)(3))
- Ownership percent should be fairly equal
- Disabled owner is taxed on the capital gain from the sale of the business

Why Should I Consider Adding Disability Buy-Sell Insurance To My Financial Plan?

Many business owners plan for situations such as a partner's death; however, many overlook the need to protect their company should a partner become disabled and unable to work.

- How long could you realistically cover payroll expenses for the disabled partner?
- Could you afford to buy out the disabled partner?
- Could the business run smoothly without the disabled partner?
- Could you continue to provide for yourself and your family as well as contribute to a retirement fund?

Disability Buy-Sell Insurance helps the "healthy" owners to keep the business in-tact and may prevent having to deplete existing cash flows or having to obtain loans.

To determine how a Disability Buy-Sell Policy fits into your overall financial plan, contact your CREATIVE Representative.